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Supreme Court of the United States

OCTOBER TERM, A. D. 1923.

No. ~~4015~~ 102

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY,

Petitioner,

v.

THE FORMICA INSULATION COMPANY,

Respondent.

(29,711)

BRIEF FOR PLAINTIFF-PETITIONER ON
WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF
APPEALS FOR THE SIXTH CIRCUIT.

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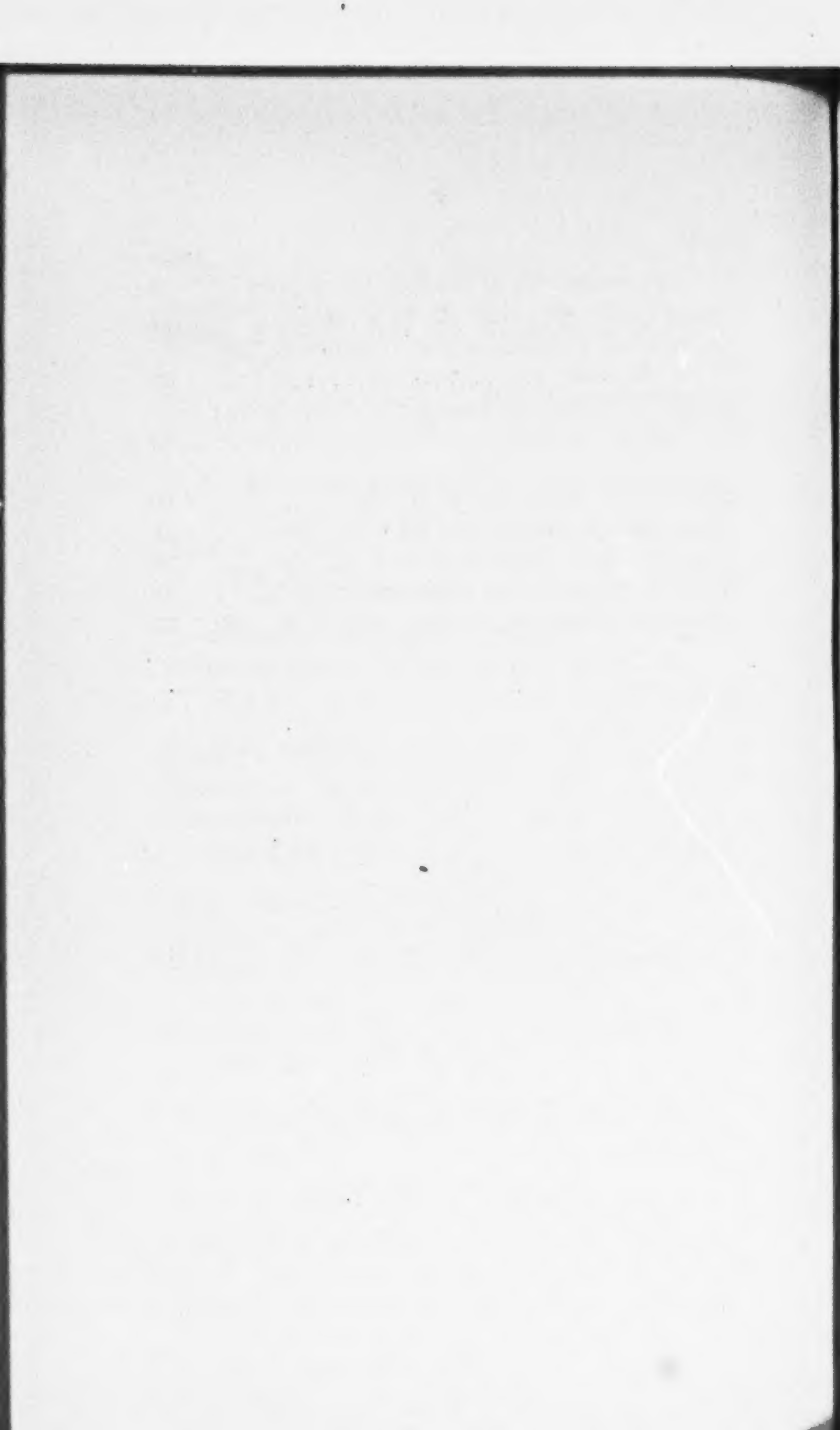
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IN THE
Supreme Court of the United States

No. 401, October Term, 1923.

(29,711)

WESTINGHOUSE ELECTRIC & MANU-
FACTURING COMPANY,
Plaintiff-Petitioner,

vs.

THE FORMICA INSULATION COM-
PANY,
Defendant-Respondent.

**BRIEF FOR PLAINTIFF-PETITIONER ON
WRIT OF CERTIORARI TO THE
UNITED STATES CIRCUIT COURT OF
APPEALS FOR THE SIXTH CIRCUIT.**

This cause comes before this Honorable Court pursuant to a Writ of Certiorari addressed by this court to the judges of the United States Circuit Court of Appeals for the Sixth Circuit, on or about the 11th day of October, 1923 (Rec., p. 215).

Statement of Case.

The petitioner brought suit against the respondent in the District Court for infringement of claims 11 and 12 of patent No. 1,284,432, for a Process of

Making Composite Material, granted November 12, 1918, to petitioner as assignee of an application of Daniel J. O'Connor, filed February 1, 1913.

The applicant, O'Connor, while in the petitioner's employ, assigned the said application and invention to the petitioner and later left the petitioner's employ and took a leading part in forming and operating the respondent company, which has used the process described in the claims in suit.

✓ The application as executed by O'Connor and as originally filed on February 1, 1913, did not contain claims 11 and 12 in suit, which were introduced by petitioner by amendment, dated February 7, 1917 (Rec., p. 161), about four years after O'Connor left petitioner's employ.

✓ At the trial in the District Court and at the argument in the Court of Appeals the petitioner contended that O'Connor and the respondent, his privy, were estopped by the deed of assignment to deny the validity of the patent. The District Court did not pass upon that question, but decided in favor of respondent on the ground that petitioner had been guilty of laches sufficient to bar the maintenance of the suit. The Court of Appeals, however, overruled the defense as to laches, but decided in favor of respondent on the ground that O'Connor, and consequently the respondent, was not estopped to deny the validity of claims 11 and 12 in suit.

The Question Presented.

The question now presented for determination is the soundness or unsoundness, as a matter of law, of the said decision of the United States Circuit Court of Appeals for the Sixth Circuit, whose jurisdiction covers a region in which a large amount

of patent litigation arises and whose decisions have great weight as precedents in patent cases.

The decision turns upon a point of law about which, the opinion of the Court of Appeals says, much confusion exists (Rec., p. 211, fol. 273), to-wit, the estoppel that is enforced against a patentee-assignor with reference to his own patent. The fact that in a great majority of the patent infringement cases that come before the courts, suit is brought by an assignee and not by the patentee shows the great importance of having the confusion settled by an authoritative declaration of this court. A collateral fact of almost equal importance is, that scarcely a volume of the Federal Reporter issues which lacks an opinion of a District Court or Appellate Court dealing with the respective rights of patentee and assignee or licensee as affected by the doctrine of estoppel.

The decision in question holds:*

(1) By implication at least, that the estoppel which prevents a patentee-assignor from denying the validity of the assigned patent is an estoppel *in pais* and not an estoppel by deed; and

(2) That even if the assignment of an existing patent may create an estoppel by deed, the doctrine of estoppel by deed does not apply to the assignment of an *application* for patent.

As to the confusion found by the Court of Appeals on the point of law, we respectfully submit that the discussion and conclusions in its opinion tend to confuse the situation farther, rather than to clear it; going contrary, as we shall show, to prior decisions of other Federal courts and recog-

*For convenience of reference, we reprint the opinion of the Court of Appeals as an appendix hereto.

nized authorities, and leaving both assignors and assignees of patents and applications in a state of uncertainty as to their respective rights and obligations.

The Patent in Suit.

The patent (Rec., p. 37) relates to a process of making composite material, such as cardboard, particularly for electrical insulation, consisting of layers of paper or other fibrous material, first coated with an adhesive substance, such as bakelite, which coated layers are then stacked up to the desired thickness and transformed into a hard, compact mass by the application of heat and pressure. All of the claims of the patent, except the claims in suit, relate to a process of making flat sheets of the material by a so-called "two-step" process, i. e., subjecting the materials to two separate applications of heat and pressure. Claims 11 and 12 in suit relate to a process of making "non-planiform" articles (i. e., tubes, channel pieces or other shapes); but do not call for the "two step" feature of the other claims. So far as the present question is concerned, claims 11 and 12 are alike. Claim 11 is as follows:

"11. The process of manufacturing a non-planiform article which consists in superposing a plurality of layers of fibrous material associated with an adhesive substance that is adapted to harden under the influence of heat and pressure into a substantially infusible and insoluble condition, and molding the superposed layers by means of a form of the proper shape while applying pressure and heat to compact and harden the materials."

As stated above, claims 11 and 12 were inserted by the petitioner after O'Connor left its employ. But said claims were based, as was expressly stated in the amendment whereby they were presented to the Patent Office (Rec., p. 173, line 1), upon the following statement which has been from first to last in the specification, which, as O'Connor testified (Rec., p. 15, fol. 26), corresponds almost exactly to the specification of the process which he himself wrote:

"While the process above described is that used for making plates, the insulating material may be produced in the form of channel pieces or tubes that are cylindrical or rectangular in cross section or of other shape, as desired, by pressing in forms of the proper shape" (Patent, p. 2, lines 9-15; Rec., p. 38).

The Assignment.

The assignment from O'Connor to the petitioner was not put in evidence, as the patent was granted to the petitioner as his assignee; but it may be assumed that the assignment was in the usual form, conveying to the assignee the entire right, title and interest in and to the application, to the invention described therein, and to the patent to be granted thereon.

Plaintiff's Claim of Estoppel Overruled.

The Court of Appeals found that claims 11 and 12 were not limited to the "two step" process, as respondent contended they were, and that they

were therefore infringed (Rec., p. 211); and also found that O'Connor had the right to make the claims (Rec., p. 213); *but nevertheless held that O'Connor was not estopped to contest their validity. In other words, that though O'Connor had the right to make the claims, the assignee of his entire right, title and interest in and to his invention had no right to make them.*

In reaching this conclusion, the Court of Appeals questioned the soundness of the generally accepted doctrine that the estoppel which forbids a patentee assignor to question the validity of an assigned patent arises by deed. But, without positively deciding that question, the court did positively decide that the theory of estoppel by deed does not operate against an assignor of an *application* for a patent. The court said (Rec., p. 211):

"This question justifies an inquiry into the basis of the estoppel enforced against the patentee assignor. The rule itself has become one of general acceptance, but our attention has not been directed to any satisfactory consideration of its basis or theory; and perhaps for this reason there has been much confusion in its application.

Estoppels forbid one to speak the truth, and hence technical estoppels are not favored. Omitting those by record, they are two kinds, by deed and *in pais*. On a somewhat exhaustive search *we find no considered opinion holding that the estoppel of a patent grantor arises by deed; nor is there clear reason for such conclusion.* An assignment of patent need not be in writing at all, as between the parties; but, if it is, the common form contains no covenants of warranty. It sells and assigns 'all my

right, title and interest in and to the said invention and patent.' There is close analogy to a quit-claim; at the most, it may be, the implication is of good title to the grant and not that the grant is good; with real estate, a conveyance from the sovereign gives good title to the land, and so title to the grant and title to the land are inseparable; not so as to patents, for the grant of the monopoly is always defeasible by third parties, and the title to the grant may be immaterial; *but even if the transfer of an existing grant of monopoly may create an estoppel by deed forbidding the grantor to deny the validity of the grant, this theory is inapplicable to the transfer of the inchoate right suggested by a pending application.* By the common form of transfer the grantor in effect says: 'Here is my device; I do not know whether it is patentable, or if it is, how broadly; take it, prosecute the patent application and get what you can.' The formulation of the grant may be, and was here, delayed for years after the inventor's connection with the matter ceased, and the patent may be issued with broad claims which the inventor never made and which he knew were not his invention. *Manifestly, as we think, the theory of estoppel by deed is untenable"* (Emphasis ours.)

Importance of Decision.

We respectfully submit that this holding is not only contrary to the generally accepted doctrine and to the prior decisions of the United States courts; but also that it leaves both assignors and assignees of patents and of applications in such a

state of uncertainty as to their rights and obligations that in justice to both classes it is highly desirable that the question shall be passed upon and finally decided by this honorable court.

The importance of having this question clearly decided one way or the other will, we believe, be quickly apparent upon considering the common practice under which great numbers of applications for patents are prosecuted. Almost all manufacturing concerns, in order to protect themselves from competitors, make a practice of patenting inventions relating to new machinery, processes and articles developed by their employees or purchased from others. Usually the invention is assigned at the time the application is executed by the inventor; and thereafter the prosecution of the application and the obtaining of the patent rest with the assignee. The inventor has no further direct interest in it and often no further knowledge of it; and it frequently happens, as in the instant case, that the inventor-assignor, if an employee, leaves the employ of the assignee before the patent is granted, or if not an employee, that his whereabouts are unknown to the assignee during the prosecution of the application. The assignee having acquired the invention and the right to patent it, proceeds to obtain as broad claims to the invention as the Patent Office adjudges him entitled to upon the disclosures of the specification which the inventor-assignor has sworn to.

Right of Assignee to Amend Assigned Application.

The right of the assignee to do so is beyond question. The Revised Statutes, Section 4895, provide as follows:

"Patents may be granted and issued or re-issued to the assignee of the inventor or discoverer; but the assignment must first be entered of record in the Patent Office. And in all cases of an application by an assignee for the issue of a patent, the application shall be made and the specification sworn to by the inventor or discoverer * * *."

As to the rights and powers of assignees of unpatented inventions and the right to patent same, Robinson on Patents, Vol. I, page 526, sec. 368, says:

"The right of the inventor to obtain a patent is also assignable, and when assigned in proper form the assignee is substituted for the original inventor as to all the powers and privileges which accrue to him as the result of his inventive act. Although the act of the inventor is still the meritorious cause for which the patent issues, the assignee is made by statute, under the assignment, the recipient of the entire recompense which the public is able to bestow." Citing:

Gayler v. Wilder, 10 Howard, 477;
Troy Co. v. Corning Co., 14 Howard, 193;
Hammond v. Mason & Hamlin, 92 U. S.,
 724;
Cammeyer v. Newton, 94 U. S., 225;
Newell v. West, 13 Blatch., 114;
U. S. Stamping Co. v. Jewett, 7 F. R.,
 869;
Rathborne v. Orr, 5 McLean, 131;
Gay v. Cornell, 1 Blatch, 506;
Nesmith v. Calvert, 1 W. & M., 34.

The respondents contend that claims 11 and 12

are invalid because they were inserted into the application without O'Connor's knowledge and without a new oath by him. As the court knows, few applications are granted by the Patent Office without one or more rejections and consequent amendments of the specifications or claims, or of both. It has long been the common practice in the prosecution of applications in the Patent Office for attorneys to modify, substitute, add to or subtract from the claims without new oaths, and the courts have recognized the propriety of such practise, so long as the specification originally executed by the applicant contains a sufficient disclosure of the invention to which the new or modified claims are directed. This is done constantly. Claims are merely technical expressions of inventions. Their preparation is a function of the attorney, and applicants for patents do not usually concern themselves with them. Claims are almost always a matter of contest in the Patent Office. Whether they are broader or narrower than the original claims is utterly immaterial, provided the original specification covers the invention and the new or amended claims fairly conform to the specification. The specification states to the Patent Office what the applicant thinks his invention is, and then between the applicant's attorney and the Examiner it is finally determined what the real invention is, and that is formulated in the claims. None of these things requires a new oath. It is only when something is claimed that wasn't in the statement of invention or claims originally presented that a new oath is necessary.

Hobbs v. Beach, 180 U. S., 383, 395;

Williams v. Miller, 107 F. R., 290;

- Cleveland Co. v. Detroit Co.*, 131 F. R., 853;
Keasby & Mattison v. Carey Co., 139 F. R., 571;
Cutler-Hammer Co. v. Union Co., 147 F. R., 266;
General El. Co. v. Morgan-Gardner Co., 168 F. R., 52;
National Conduit Co. v. Connecticut Pipe Co., 73 F. R., 491, 494;
Mine Co. v. Braeckel Co., 197 F. R., 897;
Walker on Patents, 5th Ed., Sec. 138.

In the present case, the original specification, to which O'Connor swore, contained a clear statement (Rec., p. 139, ls. 16-20), which was never changed in so much as a word, describing the invention in question. The attorney expressly stated (Rec., p. 172, foot) that claims 11 and 12 were based upon that statement and the Patent Office raised no question as to the sufficiency of the basis for them. Not only did O'Connor's oath cover that statement disclosing the subject-matter of the claims, but moreover the power of attorney which he signed in favor of the Westinghouse Company's attorney (Rec., p. 136) authorized the latter "to prosecute this application, *to make alterations and amendments therein*, to receive the patent, and to transact all business in the Patent Office connected therewith" (emphasis ours). O'Connor and his associates are hardly in a position now to object to an action which the attorney took which was well within the authority given by his power of attorney.

Claims in Suit Not Limited to Two-Step Process.

The respondent further argued below that claims 11 and 12 are not infringed because there ought to be read into them a limitation to make them include the main process of the patent which is described in the specification and covered by claims 1 to 10, which process broadly stated consists in applying heat and pressure *twice* to the material, instead of only once, as is called for by claims 11 and 12 as they stand. In support of this position respondent argued that when he executed the application O'Connor claimed only to have invented this two-heating process and intended to cover it alone in his application, and that therefore the Westinghouse attorney was without O'Connor's authority when he inserted claims which were not limited to the two-heating process.

The fallacy of this argument readily appears when it is pointed out that the original application, which O'Connor swore to, contained claims which were not in any way limited to the two-heating process, but were on the contrary much broader than claims 11 and 12. Among the original claims were the following (Rec., p. 141) :

"1. A composition of matter possessing high electrical insulating properties and comprising a hard and compressed mass composed of paper and bakelite.

2. A non-absorbent and insoluble composition of matter having great dielectric strength and comprising a hard, compressed and baked mass of sheets of paper and phenolic products.

* * * * *

6. The process of manufacturing insulating material which consists in superposing layers of coated paper and applying heat and pressure thereto.

* * * * *

8. The process of manufacturing insulating material which consists in superposing layers of coated paper, simultaneously heating and pressing the said layers of paper, and then cooling the plate thus formed, while under pressure."

In view of his having sworn to such claims, it is absurd for O'Connor and his associates now to pretend that he would not have been willing to swear to claims 11 and 12 if they had been included in the original application, and their contention that claims 11 and 12 ought to be limited to the two-heating process is not worthy of attention. The Westinghouse attorney was well justified in inserting comparatively restricted claims such as 11 and 12, after O'Connor had sworn to such broad claims as original claims 1, 2, 6 and 8.

What O'Connor assigned was the invention as set forth in the original specification. This did not limit the process to the application of heat and pressure twice to the material, because in defining what his invention was and indicating what he claimed as novel, he called for the process broadly as set forth in original claims 6 and 8, quoted above.

Court Holds Estoppel Merely Equitable, Not an Estoppel by Deed.

The situation in the present case, as to the introduction of claims 11 and 12, comes well within the rule laid down in the authorities cited on page 10, above; and if O'Connor and the respondent were bound by an estoppel arising from his deed of assignment they could not be heard to deny the validity of the said claims. But the Court of Appeals decided broadly that "this particular estoppel" (i. e., the estoppel enforced against an inventor-assignor) is "merely" an equitable estoppel, and not an estoppel by deed. The court said (Rec., p. 212) :

"This leads to the conclusion that this particular estoppel arises merely from those principles of good faith, the application of which create equitable estoppels. If the inventor sold his invention, receiving a consideration, and either expressly or by implication caused or permitted the vendee to believe that it would get a good title to a monopoly of at least a specified extent or even of an extent to be later determined by the Patent Office, for him later to deny the existence of the thing he sold and was paid for, would be to have misled the vendee prejudicially; and hence he may not deny. This is the basis upon which this rule has been frequently put either expressly or by assumption.

Considered from this basis, O'Connor is not estopped as to the two claims in suit."

Thereupon the Court of Appeals proceeded to declare claims 11 and 12 invalid in view of the prior art.

Effect of Decision.

The importance of this decision will be appreciated upon consideration of the fact that, if correct, it virtually wipes out the estoppel which has long been generally accepted as binding inventor-assignors, as it leaves the assignor free in every such case to contest the patentability of the assigned invention and the validity of the patent therefor, except in cases where it appears that the assignor has been guilty of such positive bad faith or misrepresentation as to require the application of the doctrine of equitable estoppel. That is to say, the effect of the decision of the Court of Appeals is to wipe out a perfectly clear, definite rule which enables assignors and assignees alike to know precisely what their rights and obligations are; and to substitute therefor a rule which must be in nearly all cases uncertain, indefinite and speculative, and requiring the intervention of the courts to determine its application.

It is to be noted that the decision of the Court of Appeals is not limited to the effect of assignments of *applications*, but that the court clearly indicated that in its opinion the estoppel enforced against the assignor of a *granted patent* was also merely an equitable estoppel and not a definite estoppel arising by virtue of the deed of assignment (Rec., p. 211, foot).

Decision Contrary to Settled Rule as to Assignments of Granted Patents.

We respectfully submit that this decision results in a distinct diversity of decision between the Sixth Circuit and other circuits, and that it is con-

trary to the rule which has long been generally accepted and applied by the courts. For example, in the case of *Siemens-Halske Co. v. Duncan Co.*, 142 Fed. Rep., 157, decided by the U. S. Circuit Court of Appeals for the Seventh Circuit, Duncan, one of the defendants, had assigned to plaintiff two of the patents in suit and the application for the third patent in suit. The court held that Duncan was under an estoppel by deed, saying (pp. 158, 159):

"The defendants admit that parties who come into relation with an invention described in a patent, whether by deed or lease or other form of contract, stand on a different footing from that of strangers. They admit that there is some sort of an estoppel, but insist that it does not apply to this case. The contentions may be stated and answered quite summarily.

Granting, they say, that Duncan is estopped from asserting that the claims are void for lack of invention or lack of novelty, he may nevertheless bring in the prior art to limit the claims and thus defeat the suit. Why one defense and not the other? They are of as like blood as brothers. One is somewhat larger than the other, is all. Lack of novelty defeats the complainant's title to the whole of the property within the metes and bounds of the claims. Limitation destroys his title to a part. If a stranger were occupying a part, but not all, of the property described in the deed, he could answer, 'I am not concerned with your title to the residue, but what I am occupying is not yours.' The contention that

Bowman v. Harris 2 Adolphus

Duncan can do likewise brings the estoppel to nothingness.

When these patents were issued, the public were strangers to the grants. The grant to Duncan was the right to exclude the public from using the inventions described in the claims, subject to the right of the public to strike down, if they could, the claims in whole or in part. The defendants assert that all that the complainant acquired by the assignment was the franchise to exclude, which had been granted to Duncan. This may be taken as true so far as the rights of strangers are concerned. But Duncan's assignment, in fact and likewise by its very terms, was a conveyance not only of the franchise to exclude strangers, but was also a conveyance of the inventions described in the claims. The right of Duncan to the inventions, if they were inventions, existed prior to, and continued independently of, the issuing of the patents. *Fulmer v. Berger*, 120 Fed., 274, 56 C. C. A., 588, 65 L. R. A., 381; *Victor Talking Machine Co. v. The Fair*, 123 Fed., 424, 61 C. C. A., 58. *If, in the face of his sale of the inventions described in the claims, as existent property into the possession of which he purported to induct his grantee, he be permitted to defeat his grantee's right of possession of the whole or a part on the strength of a prior title outstanding at the time of the grant, he would be put on the same footing as a stranger, and the estoppel by deed would again be reduced to nihility.*

The defendants say that it does not appear

that Duncan deceived or misled the complainant with respect to the total or partial invalidity of the claims as made in the patents. But *the estoppel relied on is not by conduct, but by deed*—an estoppel that, to be of any appreciable weight or value, must be deemed equivalent to an engagement by the grantor to refrain from using what is described and claimed as his inventions in the patents assigned.

In our judgment the reason of the case leads to the conclusion, that, between contracting parties extraneous evidence is inadmissible if there is no ambiguity or uncertainty in the language of the description and claims, and that, if there is uncertainty, outside evidence is admissible only to make clear what the applicant meant to claim and the Government to allow, and not for the purpose of showing, even in the slightest degree, that the applicant had no right to claim and that the Government was improvident in allowing what was in fact claimed and allowed. And the conclusion accords, we think, with the weight of authority." (Emphasis ours.)

In *Chicago Co. v. Pressed Steel Car Co.*, 243 Fed. Rep., 883, 887 (7th C. C. A.), which is referred to in a foot note (Rec., p. 211) of the opinion of the Court of Appeals in the instant case, the Court of Appeals for the Seventh Circuit said:

"In this circuit it is settled law that in a suit upon a patent license contract the prior art is not admissible, either to limit the prima

facie scope of the claims or to show their invalidity. *This statement of the law is based upon the principle of estoppel by contract; estoppel by deed or writing, not by conduct. Siemens-Halske Elec. Co. v. Duncan Elec. Co., 142 Fed., 157, 73 C. C. A., 375.* The rule in this circuit was first stated in 1886 by Judge Blodgett, in *Pope Mfg. Co. v. Owsley* (C. C.), 27 Fed., 100, and the latest case in this court is *Indiana Mfg. Co. v. J. I. Case Threshing Machine Co.*, 154 Fed., 365, 83 C. C. A., 343, although others recognize the rule, such as *Macey Co. v. Globe-Wernicke Co.*, 180 Fed., 401, 103 C. C. A., 547." (Emphasis ours.)

In the instant case, the Court of Appeals, in a foot note to its opinion (Rec., p. 212), attempted to reconcile the decision in the case of *Siemens-Halske v. Duncan* by saying that an estoppel followed of necessity on account of Duncan's representations and that the name of the estoppel was not important. It seems clear, however, that this statement is erroneous, as will appear from the following quotation from the opinion in the *Duncan* case (142 F. R., 157, 159) :

"The defendants say that it does not appear that Duncan deceived or misled the complainant with respect to the total or partial invalidity of the claims as made in the patents. *But the estoppel relied on is not by conduct, but by deed*—an estoppel that, to be of any appreciable weight or value, must be deemed equivalent to an engagement by the grantor to refrain from using what is described and

claimed as his invention in the patents assigned."

In the following authorities and many others the rule is repeatedly stated that the assignor of a patent is estopped to deny, as against his assignee, the validity of the assigned patent; and though it may not be expressly stated therein that the estoppel is by deed, there is small question that our courts have always regarded and applied this particular estoppel as arising from the assignment and not from the conduct of the assignor:

- Faulks v. Kamp*, 3 F. R., 898 (N. Y.);
Onderdonk v. Fanning, 4 F. R., 148 (N. Y.);
Consolidated Co. v. Guilder, 9 F. R., 155 (Minn.);
Time Telegraph Co. v. Himmer, 19 F. R., 322 (N. Y.);
Rumsey v. Buck, 20 F. R., 697 (Mo.);
Underwood v. Warren, 21 F. R., 573 (Mo.);
Parker v. McKee, 24 F. R., 808 (N. Y.);
Am. Paper Barrel Co. v. Laraway, 28 F. R., 141 (Conn.);
Burdsall v. Curran, 20 F. R., 835; 31 F. R., 918 (Ill.);
Adee v. Thomas, 41 F. R., 342, 345 (N. Y.);
Corbin Co. v. Yale & Towne Co., 58 F. R., 563 (Conn.);
Ball & Socket Fastener Co. v. Ball Glove Fastening Co., 58 F. R., 818, 823 (1st C. C. A.);

- Woodward v. Boston Co.*, 60 F. R., 283
 (1st C. C. A.);
Babcock v. Clarkson, 63 F. R., 607 (1st
 C. C. A.);
Western Co. v. Stromberg, 66 F. R., 550
 (Ill.);
Martin & Hill v. Martin, 67 F. R., 786
 (1st C. C. A.);
National Conduit Co. v. Connecticut Co.,
 73 F. R., 491 (Conn.);
Missouri Co. v. Stempel, 75 F. R., 583
 (Mo.);
Daniel v. Miller, 81 F. R., 1000 (Pa.);
Griffith v. Shaw, 89 F. R., 313 (Ia.);
Alvin Co. v. Scharling, 100 F. R., 87, 90
 (N. J.);
Force v. Sawyer-Boss Co., 111 F. R., 902
 (N. Y.); affirmed by 2nd C. C. A. with-
 out opinion, 113 F. R., 1018;
Marvel v. Pearl, 114 F. R., 946 (N. Y.);
Continental Co. v. Pendergast, 126 F. R.,
 381 (Minn.);
Frank v. Bernard, 131 F. R., 269 (N. Y.);
Hurwood Mfg. Co. v. Wood, 138 F. R.,
 835 (Conn.);
Mellor v. Carroll, 141 F. R., 992 (Mass.);
Wold v. Thayer & Chandler, 148 F. R.,
 227, 229 (7th C. C. A.);
Mathews Co. v. Lister, 154 F. R., 490
 (Minn.);
Johnson Furnace & Engineering Co. v.
Western Furnace Co., 178 F. R., 819,
 822 (8th C. C. A.);
Macey Co. v. Globe-Wernicke Co., 180 F.
 R., 401, 403 (7th C. C. A.);

- Automatic Switch Co. v. Monitor Co.*,
180 F. R., 983 (Md.);
- Welsbach Light Co. v. Cohn*, 181 F. R.,
122, 124 (N. Y.);
- Onondaga Co. v. Ka-Noo-No Co.* 182 F. R.,
832, 835 (N. Y.);
- Leather Grille & Draper Co. v. Christopher-
son*, 182 F. R., 817 (9th C. C. A.);
- Climax Co. v. Ajax Co.*, 192 F. R., 126,
129 (N. Y.);
- Peelle Co. v. Raskin*, 194 F. R., 440, 442
(N. Y.);
- Fishel Nessler Co. v. Fishel & Co.*, 204 F.
R., 790 (2nd C. C. A.);
- Rollman Co. v. Universal Hardware
Works*, 207 F. R., 97, 101 (Pa.);
- Roessing-Ernst Co. v. Coal & Coke By-
Products Co.*, 219 F. R., 898 (3rd C.
C. A.);
- Underwood Typewriter Co. v. Manning*,
221 F. R., 652 (N. Y.);
- United Printing Machinery Co. v. Cross
Co.*, 227 F. R., 600, 602 (1st C. C. A.);
- Mergenthaler Linotype v. International
Co.*, 229 F. R., 168 (N. Y.);
- Crown Cork Seal Co. v. Carper Co.*, 229
F. R., 748 (Md.);
- Moon-Hopkins Co. v. Dalton Co.*, 236 F.
R., 936 (8th C. C. A.);
- Leader Plow Co. v. Bridgewater Plow Co.*,
237 F. R., 376 (4th C. C. A.);
- Martin Gauge Co. v. Pollock*, 251 F. R.,
295, 298, affirmed 261 F. R., 201 (7th
C. C. A.);

Piano Motors Corp'n v. Motor Player Corp'n., 282 F. R., 435 (3rd C. C. A.) ;
Hopkins on Patents, Vol. 1, page 461 ;
Walker on Patents, 5th Ed., Sec. 469 ;
Robinson on Patents, Vol. II, page 555,
 Sec. 787.

We shall later refer with more particularity to a number of the above listed cases.

Decision Contrary to Settled Rule as to Assignments of Applications for Patents.

Although as we have pointed out above, the Court of Appeals did not positively decide that the doctrine of estoppel by deed does not apply to assignors of granted patents, but merely indicated serious doubt upon that point, it did positively decide that the doctrine does not apply to assignors of applications for patents. The Court of Appeals said (Rec., p. 212) :

“—but even if the transfer of an existing grant of monopoly may create an estoppel by deed forbidding the grantor to deny the validity of the grant, this theory is inapplicable to the transfer of the inchoate right suggested by a pending application. * * * Manifestly, as we think, the theory of estoppel by deed is untenable.”

This holding is directly contrary to decisions in other circuits on the same point. In the case of *Foltz Smokeless Furnace Co. v. Eureka Smokeless*

Furnace Co., 256 F. R., 847, 848, the Court of Appeals for the Seventh Circuit said:

"The general rule of estoppel upon the assignor of a patent to deny its validity as against his assignee is too well established to require more than its statement. We see no reason for relaxation of the rule where the subject-matter of the assignment is a duly filed application, which eventuates in a patent. The rejection by the Patent Office of all of the claims occurred in April, 1915, and up to the time of the assignment, nearly a year later, the file wrapper does not show any further proceedings. The application is of value only as it may form the basis for a patent grant thereon. Surely it was contemplated that something was here assigned, and plainly it must have been the right to present further claims under the application; for without claims there would be no patent. The salutary rule of estoppel by deed would be much impaired, if, as applied to assignments of applications for patents, it were held to be inoperative as against claims within the scope of the original disclosure, though not made in the application as filed. The District Judge clearly set forth the rule here applying when he said:

'Foltz assigned to the plaintiff everything which he invented that could be based upon the drawings, specifications, and claims set out in his application.' "

In *Dynamic Balancing Machine Co. v. Akimoff*, 279 F. R., 285, 286, Judge Thompson, of the East-

ern District of Pennsylvania, accepted and applied the same doctrine, saying:

"Another defense set up is that the claims in suit were introduced into the patents after the assignment and are not within the scope of the inventions disclosed. This latter defense is a serious attack upon the assigned patents, and has had careful consideration.

The well-established rule is that an applicant or patentee, who assigns his application or patent, cannot be heard to deny its validity as against his assignee, nor can the corporation which he organizes and controls. *Marvel v. Pearl et al.* (C. C.) 114 Fed., 946; *Continental Wire Fence Co. v. Pendergast* (C. C.) 126 Fed., 381; *Coal & Coke By-Products Co. v. Ernst* (D. C.) 212 Fed., 434; *Noonan v. Chester Park Athletic Club*, 99 Fed., 90, 39 C. C. A. 426; *Rollman Manufacturing Co. v. Universal Hardware Works* (D. C.) 207 Fed., 97. It is also well settled that the assignor of an application for a patent is estopped as against the assignee from questioning the validity of a patent, application for which subsequently eventuates in a patent as to claims within the scope of the original disclosure, though not made in the application as filed. *Foltz Smokeless Furnace Co. v. Eureka Smokeless Furnace Co.*, 256 Fed., 847, 168 C. C. A., 193. As to claims not within the scope of the original disclosure, it cannot be successfully contended that estoppel applies. *As the estoppel, if it exists, arises out of the assignment, Akimoff's assignees or their privies took no more than he had the right*

to assign, and it must be established, if the assignor has introduced claims not set out in the application, that they were nevertheless within the scope of the disclosures of the inventor." * (Emphasis ours.)

In *National Cash Register Co. v. Remington Arms Co.* 283 F. R., 196, 198, Judge Morris, of the District of Delaware, upon the authority of the two cases from which we have just quoted, laid down the same rule, as follows:

"The assignor of an application for a patent is estopped to deny the validity of a claim of the patent subsequently granted thereon, if such claim is supported by the specification as it stood at the time of the assignment. This is true, without regard to whether or not the claim had or had not been then made."

In *National Recording Safe Co. v. International Safe Co.*, 158 F. R., 824, Judge Kohlsaat, of the Northern District of Illinois, held that the rule as to estoppel laid down in *Siemens-Halske v. Duncan* applied to a case involving an assignment of a pending application.

In *National Conduit Co. v. Connecticut Pipe Co.*, 73 F. R., 491, 494 (Conn.), Judge Townsend said:

"But perhaps the argument most strongly pressed against the defense of estoppel is based upon the claim that said 'application was per-

*Judge Thompsons's decision was reversed in part by the Court of Appeals for the Third Circuit, but not on this point. See 285 F. R., 480.

verted to a different invention by false and unauthorized amendments made after the assignment.' ”

After stating the facts bearing upon the question of estoppel, Judge Townsend continued :

“The assignees, by said amendment, merely did what they would have had a right to do under a surrender and reissue, and in fact the right to amend was the chief thing that remained in the rejected application which Phipps assigned. If it were a fact that Phipps had thereby been made to swear falsely that he was the first inventor of a sheet-metal pipe lined with hydraulic cement, it would be immaterial to the issue herein. But such was not the fact, for the amended application only stated that he was the first inventor thereof ‘in this regard,’—that is, in regard to the new use,—which statement was practically identical with that made in the original application.”

As against these authorities, we have been unable to find any authorities whatsoever which support the position taken by the Court of Appeals in attempting to distinguish between the effect of an assignment of an application and an assignment of a patent as a basis of estoppel of the assignor. Not only do the authorities last quoted specifically deny such a distinction, but it also would seem to follow from the authorities which we have cited above (pp. 9 and 10) as to the rights and powers of assignees of applications for patents, with respect to the amendment and prosecution of

assigned applications, that there is no legal ground for the attempted distinction. The Court of Appeals did not deny, but in fact granted (Rec., p. 213), that O'Connor had the right to make claims 11 and 12; and we submit that if O'Connor had the right to make the claims, it must necessarily follow, under the authorities above cited, that the petitioner, as his assignee, had the same right, at least so far as O'Connor and his privies are concerned.

In *Gayler v. Wilder*, 10 Howard, 477, 493, this court said :

"The act of 1836 declares that every patent shall be assignable in law, and that the assignment must be in writing, and recorded within the time specified. But the thing to be assigned is not the mere parchment on which the grant is written, it is the monopoly which the grant confers: the right of property which it creates. And when the party has acquired an inchoate right to it, and the power to make that right perfect and absolute at his pleasure, the assignment of his whole interest, whether executed before or after the patent issued, is equally within the provisions of the act of Congress."

**Court's Inferences Incorrect as to
O'Connor's Knowledge and Prob-
able Conduct.**

Yet the Court of Appeals, notwithstanding its finding that O'Connor had the right to make claims 11 and 12, failed to accord to respondent the same right, even as against O'Connor, and overruled re-

spondent's claim of estoppel on the ground that O'Connor had neither expressly or impliedly represented that he was the inventor of the process defined in the said claims. In reaching this conclusion, the Court of Appeals said (Rec., p. 213) :

"Also it may be granted that these two claims were properly readable upon the specification and drawings of the application signed by O'Connor,—that is to say, in the language of the patent office, that he had the right to make these claims. Nevertheless they expressed a conception of the invention which rested solely on the 'non-planiform' shape of the article and was in this respect broader than any claim which O'Connor had drafted, and if the prior Baekeland patent had been known to O'Connor as it became known to his assignees when it later compelled them to abandon the original broad claims, he probably never would have claimed as his the invention thus formulated. The record does not support the inference that O'Connor either expressly or impliedly represented to the Westinghouse Company that he was the inventor of the process defined in these two claims; and hence the claim of estoppel must fail."

The assumption that O'Connor, if he had known of the prior Baekeland patent, would probably never have claimed as his the invention defined in claims 11 and 12, finds little justification in view of the fact that the Patent Office allowed these claims notwithstanding that the Baekeland patent had previously been repeatedly cited by the Ex-

aminer against other claims of the O'Connor application (Rec., pp. 144, 150, 155, 160). As a matter of fact, O'Connor did know about the Baekeland patent; and the issue of that patent was the direct cause of his preparing the process specification upon which the application for the patent in suit was based. These facts are proven by O'Connor's own testimony, as follows (Rec., p. 15) :

"About 1912 Dr. Baekeland was granted a patent on composite cardboard, and the Continental Fibre Company started into the manufacture of what the Westinghouse Company then thought was an infringement of their Haefely patent, and they also thought that the Baekeland patent had been anticipated by the work done in the Westinghouse Company. The engineers were then given specific instructions to send to the legal department all processes that were worked on or developed. Among other processes which were written up in specification form was the process of making this micarta plate, and in the routine manner that was sent to the legal department. I heard nothing about it further until the matter was brought down to me to sign and I was given a voucher for one dollar.

"Q. Do you know the specifications of this patent? Have you read them?

"A. The specifications of that patent are the process. They correspond almost exactly to the process specification which I wrote.

"Q. That is the one you signed then and assigned to the Westinghouse Company?

"A. I assume that I did that, yes."

Moreover, the Court of Appeals, when it concluded that the record does not support the inference that O'Connor either expressly or impliedly represented to the respondent that he was the inventor of the process defined in claims 11 and 12, overlooked the circumstance that the said claims were based, as stated by the applicant's attorney (Rec., p. 173) on a paragraph which was in the specification as filed, which specification O'Connor admitted (Rec., p. 15, above quoted) corresponds almost exactly to the process specification which he himself wrote and which he turned over to the respondent's legal department for use in preparing the application which he afterwards swore to. O'Connor having himself written, for the purpose of applying for a patent, the specification of his process, including the description of the process of making non-planiform articles which is defined in the claims in suit, is it not a perfectly justifiable inference that he thereby represented to the Westinghouse Company that he was the inventor of all that was described in the process specification which he prepared and which he afterwards swore to?

No Issue of Infringement.

The right of the assignor of a patent, when sued by the assignee for infringement of the assigned patent, to rely upon the defense of non-infringement is well settled, and we do not question it. But there is no issue of infringement here. The proofs show (see stipulation, Rec., p. 10, foot; O'Connor, Rec., p. 32, fol. 53) that the process used by respondent is precisely the process described in claims 11 and 12 in suit. Indeed the respondent conceded during the argument before the Court of Appeals that if claims 11 and 12 are not limited

to the "two-step" process they are infringed (Opinion, Rec., p. 211).

Nor does the present case involve the question of the right of an assignor-defendant to introduce prior art for the purpose of clearing up uncertainties or ambiguities in the claims in suit. The claims are expressed in clear, plain, unambiguous terms which read directly upon the process employed by the respondent and which leave no occasion for explanation.

Questions Presented for Decision.

It therefore comes down to these questions:

(1) Is the assignor of a patent or of an application for a patent to be bound by his deed of assignment; or

(2) is he to be free, as against his assignee, to ignore his own deed and to render the assigned invention and patent valueless to his assignee by proving that he was not in fact the inventor or owner of that which his deed purported to cover.

The Court of Appeals in the instant case has answered the first of these questions in the negative and the second in the affirmative. In doing so, we respectfully submit, the Court of Appeals has not only gone far beyond its own former decisions, but has gone contrary to the doctrine of estoppel which has long been generally accepted and applied by the courts of the other circuits. While it may be true that the Court of Appeals appears to recognize that under some conceivable circumstances some kind of an estoppel may be

enforced to prevent the assignor of a patent from questioning its validity as against his assignee, nevertheless the effect of the decision in the present case is to deny the existence of any such estoppel except in the event that the assignee is able to prove positive bad faith or an express warranty of validity on the part of the assignor.

We have been unable to find, either in the Sixth Circuit or in any other circuit, any other decision which goes to this length. Although the courts of the several circuits differ more or less in their applications of the estoppel in question, some treating it, either expressly or tacitly, as arising by deed and enforcing it strictly, and others treating it as an estoppel *in pais* and applying it less strictly; yet all, except the Court of Appeals in the present case, have consistently refused to allow assignors of patents to deny the validity of the patents assigned.

Review of Leading Cases in the Several Circuits.

The leading case in the Sixth Circuit on this point is *Noonan v. Chester Park Athletic Club Co.*, 99 F. R., 90, which was decided in 1900 by a Circuit Court of Appeals composed of Judges (subsequently Justices) Taft, Lurton and Day, the opinion being written by Judge Lurton. In that case the court recognized it as well settled that a patent assignor is estopped to deny the validity of the assigned patent for lack of novelty or utility or because anticipated. The court also recognized it as well settled that the estoppel does not forbid the assignor to deny infringement, and held that

the prior art was admissible for the purpose of determining the issue of infringement. On this subject the court said (99 F. R., 90, 91) :

"It seems to be well settled that the assignor of a patent is estopped from saying his patent is void for want of novelty or utility, or because anticipated by prior inventions. But this estoppel, for manifest reasons, does not prevent him from denying infringement. To determine such an issue, it is admissible to show the state of the art involved, that the court may see what the thing was which was assigned, and thus determine the primary or secondary character of the patent assigned, and the extent to which the doctrine of equivalents may be invoked against an infringer. The court will not assume against an assignor, and in favor of his assignee, anything more than that the invention presented a sufficient degree of utility and novelty to justify the issuance of the patent assigned, and will apply to the patent the same rule of construction, with this limitation, which would be applicable between the patentee and a stranger. *Babcock v. Clarkson*, 11 C. C. A., 351, 63 Fed., 607; *Ball & Socket Fastener Co. v. Ball Glove-Fastening Co.*, 7 C. C. A., 498, 58 Fed., 818; *Cash-Carrier Co. v. Martin*, 14 C. C. A., 642, 67 Fed., 786; *Chambers v. Crichley*, 33 Beav., 374; *Construction Co. v. Stromberg* (C. C.), 66 Fed., 550; *Clark v. Adie*, 2 App. Cas., 423, 426. This was the rule applied by the court below, and is the principal ground of objection to the decree finding that the assigned

patents, when limited by the previous state of the art, had not been infringed."

In the First Circuit the courts, while recognizing and enforcing an estoppel to prevent an assignor from saying that his patent is void for anticipation or for want of novelty or utility, have permitted the introduction of the prior art to aid in determining the proper construction of the patent. The leading decisions of the Court of Appeals for the First Circuit on the subject are referred to as follows in the opinion of that court in *Martin & Hill Cash-Carrier Co. v. Martin*, 67 F. R., 786, 787:

"The first question which arises is how far the defendant is estopped in this action. In a suit for infringement, brought against the assignor of a patent by his assignee, the assignor is estopped from denying the validity of his patent. He cannot say that the patent has been anticipated by prior structures, or that it is void for want of novelty or utility. *Babcock v. Clarkson*, 11 C. C. A., 351, 63 Fed., 607; *Id.*, 58 Fed., 581; *Ball & Socket Fastener Co. v. Ball Glove-Fastener Co.*, 7 C. C. A., 498, 58 Fed., 818; *Faulks v. Kamp*, 3 Fed., 898; *Onderdonk v. Fanning*, 4 Fed., 148; *Purifier Co. v. Guilder*, 9 Fed., 155; *Curran v. Burdsall*, 20 Fed., 835; *Underwood v. Warren*, 21 Fed., 573; *Parker v. McKee*, 24 Fed., 808; *Barrel Co. v. Laraway*, 28 Fed., 141; *Corbin Cabinet-Lock Co. v. Yale & Towne Manufacturing Co.*, 58 Fed., 563; *Chambers v. Crichley*, 33 Beav., 374; *Hocking Co. v.*

Hocking, 4 Rep. Pat. Cas., 434, 438, 442; Walton v. Lavater, 29 Law J. C. P., 275.

But it is the settled rule with respect to the construction of patents that the prior state of the art is admissible in evidence 'to show what was then old, to distinguish what was new, and to aid the court in the construction of a patent.' Brown v. Piper, 91 U. S., 37, 41; Eachus v. Broomall, 115 U. S., 429, 6 Sup. Ct., 229; Grier v. Wilt, 120 U. S., 412, 7 Sup. Ct., 718. That this rule applies as between assignor and assignee has recently been held by this court in two carefully considered cases—Ball & Socket Fastener Co. v. Ball Glove-Fastener Co., *ubi supra*, and Babcock v. Clarkson, *ubi supra*. In the latter case the court (adopting the language used in the former case) says:

'The record contains very much touching the state of the art and prior patents. From what we have already said, it is plain that they cannot be introduced here for the purpose of invalidating any of the patents covered by the contract, or any portion of any claim of any of such patents. Nevertheless, they, as well as the file wrappers and their contents, are appropriate to be considered for ascertaining the true construction of the various patents involved, and especially for determining whether, according to such construction, the improvements were of a primary or secondary character, and how far the combinations admit of the doctrine of equivalents.' "

In the Second Circuit the estoppel in question has always been strictly and consistently applied. The case of *Faulks v. Kamp*, 3 F. R., 898, decided in 1880 by Judge Wheeler, sitting in the United States Circuit Court for the Southern District of New York, appears to have been the earliest case in this country dealing with this subject. In the course of his opinion Judge Wheeler said:

"There is considerable doubt whether the patent, as between the owner and the public generally, is of any validity * * *. But it is argued for the orators that they are entitled to have the patent treated as valid, as against the defendants, whether it is valid generally or not, and this claim seems worthy of consideration. Every seller of personal property impliedly warrants that he has title to and right to sell what he assumes to sell. His undertaking to sell includes an undertaking to that effect * * *. It is urged strenuously in behalf of the defendants that these principles do not apply to sales of patent-rights, on account of their incorporeal nature and the interests to the public * * *. The nature of the right covered by letters patent, does not seem to be such that a warranty of the right cannot be implied. The patent purports to grant the right to exclude all others from practicing the invention. It adds nothing to the right of the owner to practice it. This exclusive right is property recognized and protected by law. *Cammeyer v. Newton*, 94 U. S., 225. Whosoever assumes to sell a patent assumes to sell that property, and assumes that he had it to sell. This suit is between these parties, and involves their

rights alone, and not the rights of the public. The determination of the validity of the patent in this suit will only determine its validity between them, and not affect its validity as to others not parties. The defendants in possession and enjoyment of that exclusive right assumed to sell and transfer it. After that, in justice, they ought not to be heard to say that they had it not and did not sell it, and to be allowed to derogate from their own grant by setting up that it did not pass. They may have deprived themselves of the right to practice it within the territory when otherwise they would have retained the right in common with all others; but, if they did, that would not so affect the public as to avoid their obligation. They could exclude themselves in that way by contract, independently of the patent, and the contract would be upheld if it went no further than upholding this patent as against them in the territory in question would take them * * * It is argued for the defendants that as the conveyances were of the right, title, and interest of the grantors, the warranty would only extend to whatever right they might have which passed, and that the warranty was kept. But the conveyances were made to carry out the sale in the manner required by law for passing the title, and the warranty grew out of the sale and not out of the form of the conveyance."

In *Adee v. Thomas*, 41 F. R., 342, 345, Judge Lacombe said:

"The only apparent invention embodied in the patent sued upon is thus shown to be an-

ticipated. Nothing is left but minor details of construction, the conception of which would seem to be within the capacity of an ordinarily skilful mechanic, and, if the defendant were entitled to avail of such a defense, the patent should be held void for lack of invention. The defendant, however, was himself the patentee of the patent sued upon, and the complainants hold it as his assignees. It is well-settled law that a patentee cannot be heard to deny the validity of his own patent against the assignee to whom he has sold and transferred it. As to the rest of the world, the patent may be void, but the assignor is estopped from urging that defense against his assignee."

In the case of *Force v. Sawyer-Boss Mfg. Co.*, 111 F. R., 902, Judge Thomas, of the Eastern District of New York, held that all persons interested in the sale of a patent and in privity with the assignor are estopped from denying the validity of the patent. The Court of Appeals for the Second Circuit affirmed this decision without opinion, adopting Judge Thomas' opinion.

In the case of *Fishel Nessler Co. v. Fishel*, 204 F. R., 790, 791, the Court of Appeals for the Second Circuit, in an opinion written by Judge Lacombe, said:

"At the trial the court directed that the testimony offered by defendants be limited to the issue of infringement 'upon the ground that the defendants were estopped from denying the validity of the patents.' The court did not write any opinion and the defendant appellants apparently assume that it held that the

estoppel was created by the bankruptcy sale, in favor of Swartz the purchaser and of his subsequent assignees. It is a familiar principle that a patentee who transfers his patent to some one else cannot thereafter, when sued by such transferee for infringement, assert that the patent is invalid, and the main argument in the case is directed to the question whether this principle will apply when the transfer is not a voluntary one; certainly the bankruptcy sale was not the voluntary act of the owner of the patent.

We do not think it necessary to examine this question. The patentee was Henry W. Fishel. Voluntarily and long before bankruptcy he assigned to himself and Theodore H. Fishel. Whatever rights Theodore had would pass to the person to whom he might assign them, and for the mere purpose of transferring those rights such assignment would be effective, whether it was voluntary or involuntary. Theodore's rights in the patents have passed, through the bankruptcy sale to Swartz, to complainant, and the original assignor of the patents to Theodore is estopped to assert as against the present holder that the patents themselves are invalid."

In the Third Circuit the rule of estoppel is applied directly to prevent a patent assignor from denying the validity of the patent in the hands of his assignee, but the assignor is permitted to offer evidence of the prior art for the purpose of limiting the claims of the patents on the question of infringement. In the case of *Roessing-Ernst Co. v. Coal & Coke By-Products Co.*, 219 F. R., 898, 899,

the Court of Appeals outlined its rulings on the subject as follows:

"Although the court admitted evidence bearing upon the prior art 'as anticipating or *limiting the scope of the patents in suit*,' and sustained the validity of the patents, and refused to restrict their claims to a scope which would permit the defendants to escape the charge of infringement, we assume that the District Court, having before it and appreciating the force of the decree of this court holding that each of the defendants was estopped to deny the validity of the patents, recognized that the defendants were not estopped to offer evidence of the prior art limiting the claims of the patents so as to avoid the charge of infringement. We therefore likewise assume that evidence of the prior art was offered and admitted not to avoid the patents, but to limit the scope thereof, and thereby to avoid the charge of infringement, and that after the court construed the patents in the light of the prior art, it found them infringed, and that the patents were held valid because of the legal incapacity of the defendants, under the ruling of this court in this particular case, to deny their validity."

In a later case, *Piano Motors Corp. v. Motor Player Corp.*, 282 F. R., 435, 437, the Court of Appeals for the Third Circuit applied the same rule as in the last mentioned case, but elaborated it somewhat in view of the particular facts involved. The court said:

"In reviewing this case it may first be noted that because of the relation of the parties as assignee and assignor there is involved no question of validity of the patent. It may next be noted that while the assignor of a patent can not question its validity he can litigate its scope and ask for a construction which relieves him from infringement. *Smith v. Ridgely*, 103 Fed., 875, 876, 43 C. C. A., 305. In doing this there inevitably arises a question of the breadth of the claims, and a question of the principle by which courts will be controlled in determining the same. The defendants admit that—

'As between assignor and assignee of a patent the courts will give a liberal rather than a narrow construction to the patent assigned.'

Keeping in mind the transaction of assignment, courts will not unnecessarily construe the patent so narrowly as to make it worthless, *Leader Plow Co. v. Bridgewater Plow Co.*, 237 Fed., 376, 150 C. C. A., 390; nor will they permit an inventor, who has assigned the patent for his invention, to introduce evidence for the ostensible purpose of so narrowing its scope as to avoid infringement, but which in fact attacks its validity for want of novelty, *Alvin Mfg. Co. v. Scharling* (C. C.) 100 Fed., 87.

While these general principles are applicable here, they are not the only guide to a proper construction, because there is in this case an unusual circumstance which bears

directly on the scope of the claims. The circumstance is this:

In 1918 Willard A. Warren and George W. Garman (the latter the patentee of the patent in suit) made and put on the market under the trade-name of 'Rotor' a small number of suction producing devices similar in most mechanical features to the device of the patent and differing mainly in the arrangement of sound-deadening means. Later in that year they filed a joint application for a patent. Consideration of the application was suspended by the Patent Office pending a correction in the oath. On March 29, 1919—the joint application still pending—Garman as sole inventor signed the application for the patent in suit. On the same day he assigned it to a predecessor of the plaintiff in the title. Later, the assignee filed the application.

The application, as filed, stated that the invention was an improvement upon the invention covered by the joint application of Warren and Garman then pending, the specification disclosing an apparatus in considerable detail and the claims limiting the invention to 'suction producing apparatus of the class recited.'

At this juncture Warren disappeared, the defect in the oath was never cured, and the joint application of Warren and Garman was abandoned. The attorneys for the assignee of the Garman application were then granted leave to strike out certain clauses of the application. These were the clauses which limited the invention to an improvement

upon the Warren and Garman apparatus. With the application for a patent for the Warren and Garman joint invention abandoned and out of the way, and the application for the patent in suit amended by striking out all reference to the invention of the Warren and Garman joint application, the plaintiff maintains there is no art prior to the patent in suit and accordingly claims for the patent the broadest scope possible. The defendants maintain that the patent covers only what was embraced in the application before it was amended and ask for a construction so narrow as to leave little, if any, invention in the patented device.

As the validity of the patent could not, in this case, come in issue, the prior art (with the possible exception of the Warren and Garman device) was not given in evidence. Therefore, on this inadequate record it is impossible to tell just what place in the art the invention of the patent occupies. It is probable that somewhere between the extremes claimed by the parties is the patent's true place. We shall not, in the dearth of evidence on the art, try to find it. We shall do nothing more than construe the claims of the patent on their face, having regard to the relation of the parties as assignee or assignor, and endeavoring to preserve to the assignee all that was assigned to him, and nothing more. As to what evidence in a case between other parties might show, we do not commit ourselves. We simply hold that on the evidence before us the patent is for a detail construction of a known class of

suction producing devices, having, as every invention has, some range of equivalents. This construction is sufficient to meet the issue of infringement raised in this case. The question, therefore, is whether the claims in their details read on the defendants' device."

The application of the doctrine in the Fourth Circuit is illustrated by the case of *Leader Plow Co. v. Bridgewater Plow Co.*, 237 F. R., 376, 377, where the Court of Appeals used the following language:

"The patents set up by the plaintiff being nothing more than improvements on the prior art, the general rule on the subject would require that they be given a narrow construction. *Singer Mfg. Co. v. Cramer*, 192 U. S., 265, 24 Sup. Ct., 291, 48 L. Ed., 437. But this general rule is elastic enough to allow the application of the dominant equitable rule that as between the assignor and assignee the construction of the patent must be broad and liberal enough to give full value to the patent assigned, and shut out the assignor from every structure within the fair meaning of the claim. When Thomas assigned the Hanger and Thomas and Hanger patents, he asserted them to be valid, and he is estopped to deny their validity. He was not estopped, however, from showing the limits of the assigned patents by evidence of the prior art, or any other relevant fact" (cases cited).

"But on an issue of infringement between assignor and assignee the courts will give a

liberal rather than a narrow construction to the patent assigned, if necessary to preserve its value."

We have found no decisions by the courts of the Fifth Circuit dealing with the subject in question. The leading decisions of the courts of the Sixth and Seventh Circuits have already been referred to herein.

The rule as applied in the Eighth Circuit is laid down in the case of *Johnson Furnace & Engineering Co. v. Western Furnace Co.*, 178 F. R., 819, 822, as follows:

"Very much of the evidence and argument on behalf of defendants has been devoted to the charge that complainant's patents were invalid, having been anticipated by prior patents, a large number of which were given in evidence, and that it possessed no novelty. A sufficient answer to this proposition is that as Parkison participated with Johnson in the sale of the patent to Burns for complainant, and Parkison received one-eighth of the consideration therefor, he, and all in privity with him, are estopped from now alleging the invalidity of the patent. *Daniel v. Miller* (C. C.) 81 Fed., 1000; *Force v. Sawyer-Boss Mfg. Co.* (C. C.) 111 Fed., 902; *Time Tel. Co. v. Himmer* (C. C.) 19 Fed., 322; *Siemens-Halske Electric Co v. Duncan Electric Mfg. Co.*, 142 Fed., 157, 73 C. C. A. 375.

* * * * *

The estoppel against the assignor is not based simply upon the covenants expressed

and implied in his conveyance. It rests upon the broad and equitable doctrine that one who receives and retains a portion of the fruits of a sale of a patent which he has assisted in making to another is estopped from claiming that such patent is invalid and worthless."

In that case the Court of Appeals for the Eighth Circuit, upon examination of the Patent Office file of the application for the patent in suit, held that the patent was limited to the precise structure described and that as so limited it was not infringed. And the same practice was followed, and the same result reached, in the later case of *Moon-Hopkins Co. v. Dalton Co.*, 236 F. R., 939, 937, in which that court elaborated its application of the doctrine, as follows:

"The estoppel, however, does not preclude the defense of non-infringement, nor as a necessary corollary does it prevent defendants from insisting that the patent be put in its proper category, and its meaning and scope scrutinized accordingly."

In the Ninth Circuit the case of *Leather Grille & Drapery Co. v. Christopherson*, 182 F. R., 817, 821, shows the application of the rule adopted by the Court of Appeals of that circuit. It is to be noted that the court accepted the decision of the Circuit Court of Appeals in the Seventh Circuit in the case of *Siemens-Halske Co. v. Duncan Co.*, 142 F. R., 157, as defining the length to which the rule of estoppel may be properly carried; and also accepted the decision of the Court of Appeals for the

Sixth Circuit in *Noonan v. Chester Park Athletic Club Co.*, 99 F. R., 90, as stating the correct limitation of the rule with respect to the right of an assignor to deny infringement and to invoke the prior art in that connection.

In the case under consideration the Court of Appeals for the Ninth Circuit said:

"As to the question of estoppel urged against the defendant Christopherson and his codefendant, growing out of the assignment by the former of the patent in suit, the appellant was awarded by the rulings of the Circuit Court the full measure of protection afforded by that doctrine. The court ruled that Christopherson by his assignment was to be regarded as representing that the patent was what it purported to be, was valid in accordance with its terms, that it was to be fairly construed, and that the prior art could not be invoked to limit its claims. This is the length to which the rule may be properly carried. *Siemens-Halske Elec. Co. v. Duncan Elec. Mfg. Co. et al.*, 142 Fed., 157, 73 C. C. A., 375. It has never been held to estop an assignor from thereafter employing his genius in a new field of the same art, nor to deny him the fruits of such effort. It does not preclude him from denying infringement, nor of invoking the prior art for the purpose of showing that no infringement in fact exists. As stated by Judge Lurton, for the Circuit Court of Appeals of the Sixth Circuit, in *Noonan v. Chester Park Athletic Club Co.*, 99 Fed., 90, 39 C. C. A., 426:

'But this estoppel, for manifest reasons, does not prevent him from denying infringement. To determine such an issue, it is admissible to show the state of the art involved, that the court may see what the thing was which was assigned, and thus determine the primary or secondary character of the patent assigned, and the extent to which the doctrine of equivalents may be invoked against an infringer. The court will not assume against an assignor, and in favor of his assignee, anything more than that the invention presented a sufficient degree of utility and novelty to justify the issuance of the patent assigned, and will apply to the patent the same rule of construction, with this limitation, which would be applicable between the patentee and a stranger.'

We take this to be a correct limitation of the rule. From these considerations we are satisfied that the Circuit Court was right in holding that there was no infringement; and accordingly its decree dismissing the bill should be affirmed."

The foregoing references to the decisions of the courts of the several circuits (except the Fifth Circuit, where no decisions on the point were found) show that the rule as applied in all of the circuits is that an assignor of a patent is estopped to deny, as against his assignee, the *validity* of the assigned patent. The right of the assignor to deny infringement is everywhere recognized as a matter of course; but in some of the circuits the assignor is

permitted, on the issue of infringement, to resort to extraneous evidence for the purpose of defining the scope of the claims; while in other circuits it is held that such evidence is inadmissible to limit even the *prima facie* scope of the claims or for any other purpose than to explain ambiguities or uncertainties in the language of the description and claims.

The Instant Decision a Radical Departure From Settled Authorities.

The decision of the Court of Appeals for the Sixth Circuit in the present case goes far beyond any other decision we have been able to find on the subject under consideration, in the following important respect: The Court of Appeals dealt directly with the question of validity and held that the claims in suit were *invalid* in view of the prior art; whereas the rule, as universally settled and enforced in all of the circuits, including the Sixth Circuit in its prior decisions, forbids the assignor to raise the question of validity. This fundamental distinction between the decision in the present case and all the previous decisions becomes apparent when it is noted that in not a single one of the cases which we have referred to or of which we are aware has a patent assignor been permitted to litigate the question of the validity of the assigned patent in the hands of his assignee. Although assignors have been victorious in many suits in which assignees have claimed the benefit of estoppels, we believe that the decisions in all such cases have turned on the issue of infringement or on some other question, but never on the direct issue of

validity, except in the present case. Here, however, the Court of Appeals based its decision squarely upon the ground of invalidity, saying (Rec., p. 213) :

"Coming directly to the question of validity, and giving these claims the broad construction reaching the one-step process, and necessary in order to make out an infringement, it is entirely clear that there is no creative virtue in the mere 'non-planiform' thought and hence that they are not patentable over Baekeland."

Even prior to the present decision, the Court of Appeals for the Sixth Circuit was, perhaps, less strict than the courts of any of the other circuits in the application of the estoppel in question, in respect to the extent to which it has allowed assignors to resort to the prior art to limit the scope of assigned patents and thus to avoid charges of infringement. This liberality is illustrated by the leading case of *Noonan v. Chester Park Athletic Club Co.*, 99 F. R., 90, from which we have quoted at some length at page 34 of this brief. But even in that case the Court of Appeals for the Sixth Circuit, although indicating doubt as to the presence of patentable novelty in view of the prior art, based its decision upon the ground of non-infringement and not upon the ground of invalidity.

Conclusion.

In conclusion, we would take the liberty of urging upon this Honorable Court the desirability and importance of having the diversity which now

exists between the decisions of the courts of the different circuits resolved and the law as to the application of the estoppel in question finally settled. As we have pointed out above, the question is one of great importance both to assignors and assignees of patents and of applications for patents, because so many of the patent suits which come before the courts are based upon assigned patents and so many of these suits arise between assignors and assignees of patents.

That a serious diversity of decision exists can hardly be questioned. On the one hand we have the decision of the Court of Appeals in the present case which permits the inventor-assignor to deny the validity of claims which were expressly based upon his own written description of the assigned invention. On the other hand we have the decisions of the Court of Appeals for the Seventh Circuit holding that the estoppel in question is an estoppel by deed and that outside evidence is not admissible "for the purpose of showing, even in the slightest degree, that the applicant had no right to claim and that the government was improvident in allowing what was in fact claimed and allowed."

Siemens-Halske Co. v. Duncan Co., 142 F. R., 157;

Chicago Co. v. Pressed Steel Car Co., 243 F. R., 883;

Foltz Smokeless Furnace Co. v. Eureka Smokeless Furnace Co., 256 F. R., 847.

The decisions of the courts of the other circuits vary somewhat between these two widely diverse applications of the doctrine. The courts for the Second Circuit have always, from the original case

of *Faulks v. Kamp*, 3 F. R., 898, down to the present time, applied the rule strictly to prevent an assignor from denying the validity of an assigned patent; although, so far as we can find, they have not expressly held that the estoppel is by deed. As a practical matter, however, the rule as applied by the courts of the Second Circuit is of substantially the same effect as that applied by the courts of the Seventh Circuit. In all of the remaining circuits the rule has been perhaps less strictly applied than in the Second and Seventh Circuits, in so far as concerns the admissibility of outside evidence on the issue of infringement; but in none of them has the rule been relaxed to the extent of allowing an assignor to prove and take advantage of the *invalidity* of the assigned patent.

We respectfully submit that the decision of the Court of Appeals in the present case, if allowed by this court to stand, will virtually wipe out the "salutary rule of estoppel" which has for many years protected assignees of patents from the selfishness, dishonesty and unfairness of assignors who have attempted both to sell and to keep the property which their assignments purported to cover.

In view of the fact that the rule heretofore universally applied by the United States Courts forbids assignors to deny the validity of assigned patents, it would seem that the estoppel upon which this rule is based must necessarily arise from some single, definite element which is common to all of the cases. Naturally the facts, circumstances, conditions and the conduct of the parties always differ more or less and are never precisely the same in any two cases. But there is one element, and one

element only, which is common to all, namely, the deed of assignment. There is no other common element upon which a consistent, universal rule can be based.

We therefore submit that both the reason of the situation and the weight of authority lead to the conclusion that the estoppel in question arises from the deed of assignment; and that it is the deed and not the prior or subsequent conduct of the parties which determines their right with respect to the property assigned. The acceptance of any other element as the basis of the estoppel must inevitably lead to confusion and uncertainty, with the result that neither assignors nor assignees of inventions, applications and patents can be certain of their rights and obligations under assignments—a situation surely productive of dispute and litigation.

If, on the other hand, the deed of assignment is taken as the basis of the estoppel, the parties are at once made definite and certain as to their rights and obligations, and the courts are relieved of the burden of deciding the many vexed and complicated questions, both of law and fact, which are almost invariably presented in cases involving this kind of estoppel in those jurisdictions in which the estoppel is not treated as arising by deed.

We submit that the decision of the Court of Appeals herein is erroneous in its exposition and application of the law relating to the estoppel in question. We therefore respectfully pray that this Honorable Court reverse the decree entered herein by the United States Circuit Court of Appeals for the Sixth Circuit on or about the 3rd day of April, 1923 (Rec., p. 209) and that this cause be remanded

to the said court with directions to enter a decree in accordance with the prayers of the bill of complaint.

Respectfully,

DRURY W. COOPER,
JOHN C. KERR.

42 Broadway,
New York, N. Y.

APPENDIX.

No. 3717.

**UNITED STATES CIRCUIT COURT OF
APPEALS,
SIXTH CIRCUIT.**

<div style="border-top: 1px solid black; border-bottom: 1px solid black; padding: 10px 0;"><p>WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY, Appellant,</p><p style="text-align: center;">v.</p><p>THE FORMICA INSULATION COM- PANY, Appellee.</p></div>	}	Appeal from the District Court for the Southern Dis- trict of Ohio, Western Di- vision.
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Submitted December 12, 1922.

Decided April 3, 1923.

Before KNAPPEN, DENISON and DONAHUE, Cir-
cuit Judges.

DENISON, Circuit Judge: The appellant brought in the District Court the usual infringement suit upon claims 11 and 12 of patent No. 1284432, issued November 12, 1918, to O'Connor, on an application filed February 1, 1913, covering a process for making composite materials. The two claims are alike save that claim 12 calls for "a phenolic condensation product," while claim 11 more broadly reaches in the same association any suitable

adhesive substance. Claim 12 is given in the margin.¹

In the court below the defenses were that these claims were invalid, or that if valid, they must be so narrowly construed that there was no infringement, and that there had been laches sufficient to bar the maintenance of the suit.

In reply plaintiff urged that the broad construction indicating infringement was the right one and that the defendant was estopped to dispute validity. The District Court sustained the defense of laches, and the other questions were not passed upon.

We cannot uphold this defense. The suit was commenced within two years after the patent issued, when, if ever, plaintiff first acquired any right or cause of action, and there is no suggestion that defendant changed its position during that period. Even that delay is explained by the pendency of another suit between the same parties, directed against the same product, and which, if successful, would have made this suit probably unnecessary. Defendant's real complaint goes further back. It or its predecessors began the infringing business in 1913, and continued it, with the knowledge of the plaintiff and without express notice to desist, from that time until this suit was brought in 1920. During this period defendant built up a large business and doubtless made large investments, based in a substantial degree upon

¹ 12. The process of manufacturing a nonplaniform article which consists in superposing a plurality of layers of fibrous material associated with a phenolic condensation product and molding the superposed layers by means of a form of the proper shape while applying pressure and heat to compact and harden the materials.

the manufacture of the infringing articles and the expectation of continuing that manufacture. The application, as filed in 1913, was repeatedly rejected and amended, and was prosecuted with reasonable diligence during the last two years, but for the first three years of the application period, the plaintiff was only as diligent as the law required, and delayed its successive actions for the full period. It is, hence, probably true that the application was pending two or three years longer than it would have been if plaintiff had, in every instance, acted as promptly as possible. Even if, under such circumstances, a defendant who had had no knowledge of the pending application could escape an injunction on final hearing (and, as to this, we intimate no opinion), this defendant can claim no such standing. The inventor himself had been active from the beginning in the infringement, either as one of the partnership associates at the outset, or as an active and important officer of the later organized corporate defendant. The defendant and its predecessors were clearly chargeable with his knowledge. He knew that when the infringement began, this application had been filed and assigned to plaintiff, with claims broad enough to reach defendant's article, and he never had reason to suppose that the application had been finally rejected. We cannot see that defendant has any right to say it was misled either by action or by silence. To predicate fatal laches upon silence before the patent issued would be to stand on an unsafe basis. The situation is not, we think, fairly analogous to that in *Lane Co. v. Locke*, 150 U. S., 193, 200.

As to the breadth of the claims: Other claims of the patent refer to what is called the two-step process and require that the sheets or layers should be first heated and pressed to secure unity of composition, then subjected to a further and different heat or pressure, or both, to make permanent the desired shape of the article. The utter omission of any reference to or implication of the two-step process in claims 11 and 12, and their entire dependence upon the single step recited, is convincing evidence that there was no intent to have these claims limited to the two-step process; and this conclusion is compelled, even though it is true that their difference in this respect from the other claims is not the sole manner in which they are distinguished therefrom. In many cases, perhaps usually, claim differentiation is not sufficient to compel the broader construction of one of the claims if there are differences in other respects; but in this case, the omission of the two-step limitation is so plainly intentional that we cannot neutralize it by a counter-inference which is at best uncertain. These two claims are within the rule that an unambiguous claim cannot prevail over an apparent anticipation by reading a limitation into it. If these claims are not thus limited, infringement is conceded; and the issue of validity must therefore be decided; but plaintiff would escape that issue by reliance on O'Connor's estoppel. We think he was not estopped. This question justifies an inquiry into the basis of the estoppel enforced against the patentee assignor. The rule itself has become one of general acceptance, but our attention has not been directed to any satisfactory consideration of its basis or theory; and perhaps for

this reason there has been much confusion in its application.

Estoppels forbid one to speak the truth, and hence technical estoppels are not favored. Omitting those by record, they are two kinds, by deed and *in pais*. On a somewhat exhaustive search we find no considered opinion holding that the estoppel of a patent grantor arises by deed;² nor is there clear reason for such conclusion. An assignment of patent need not be in writing at all, as between the parties; but, if it is, the common form contains no covenants of warranty. It sells and assigns "all my right, title and interest in and to the said invention and patent." There is close analogy to a quit-claim; at the most, it may be, the implication is of good title to the grant and not that the grant is good; with real estate, a conveyance from the sovereign gives good title to the land, and so title to the grant and title to the land are inseparable; not so as to patents, for the grant of the monopoly is always defeasible by third parties, and the title to the grant may be immaterial;—but even if the transfer of an existing grant of monopoly may create an estoppel by deed forbidding the grantor to deny the validity of the grant, this theory is inapplicable to the transfer of the inchoate right suggested by a pending application. By the common form of transfer the grantor in effect says: "Here is my device; I do not know whether it is patentable, or if it is, how broadly; take it, prosecute the patent application and get what you can." The formulation of the grant may

² Assumptions, without discussion, that the estoppel is of this character have been made, *e. g.* *Chicago Co. v. Pressed Steel Co.*—C. C. A. 7—343 Fed., 883, 887; Walker, Sec. 469.

be, and was here, delayed for years after the inventor's connection with the matter ceased, and the patent may be issued with broad claims which the inventor never made and which he knew were not his invention. Manifestly, as we think, the theory of estoppel by deed is untenable.³

This leads to the conclusion that this particular estoppel arises merely from those principles of good faith, the application of which create equitable estoppels. If the inventor sold his invention, receiving a consideration, and either expressly or by implication caused or permitted the vendee to believe that it would get a good title to a monopoly of at least a specified extent or even of an extent to be later determined by the patent office, for him later to deny the existence of the thing he sold and was paid for, would be to have misled the vendee prejudicially; and hence he may not deny. This is the basis upon which this rule has been frequently put either expressly or by assumption.⁴

Considered from this basis, O'Connor is not estopped as to the two claims in suit. It is not controlling that the only consideration he received was his salary as an employe, for, if it was part of the contract of employment that he should assign his inventions, the salary was ample consideration for applying as complete an estoppel as the other

³ In *Siemens Co. v. Duncan Co.*, *supra*, it was found that Duncan had represented that he was entitled to, and had sold and conveyed the right to, the precise monopoly covered by the claim sued upon. from this basis, an estoppel followed of necessity; the name of it was not important.

⁴ *Babcock v. Clarkson*—C. C. A. 1—63 Fed., 607; *Onderdonk v. Fanning*, 4 Fed., 148, 150; *Consolidated Co. v. Guilden*, 9 Fed., 155, 156; *Time Co. v. Himmer*, 19 Fed., 322, 323; *Woodward v. Boston Co.*, 60 Fed., 283, 284; *Natl. Co. v. Connecticut Co.*, 73 Fed., 491, 493.

facts justified; and, even though the employer paid nothing more than it would have paid anyway, and was not in this particular misled to its prejudice, yet it undertook and expended the effort and money necessary to get the patent and it may be presumed to have conducted its business thereafter on the faith of whatever representations were made to it. Hence the element of prejudice sufficiently appears.

Also it may be granted that these two claims were properly readable upon the specification and drawings of the application signed by O'Connor,—that is to say, in the language of the patent office, that he had the right to make these claims. Nevertheless they expressed a conception of the invention which rested solely on the “non-planiform” shape of the article and was in this respect broader than any claim which O'Connor had drafted, and if the prior Baekeland patent had been known to O'Connor as it became known to his assignees when it later compelled them to abandon the original broad claims, he probably never would have claimed as his the invention thus formulated. The record does not support the inference that O'Connor either expressly or impliedly represented to the Westinghouse Company that he was the inventor of the process defined in these two claims; and hence the claim of estoppel must fail.

Coming directly to the question of validity, and giving these claims the broad construction reaching the one-step process, and necessary in order to make out an infringement, it is entirely clear that there is no creative virtue in the mere “non-planiform” thought, and hence that they are not patentable over Baekeland. Indeed, no argument to the contrary is made by counsel.

The decree below dismissing the bill is affirmed.